

## Resources KEESM 5200

### Resource Limits for HCBS and Nursing Facility

- ★ \$2,000 limit for single individuals (remember if the consumer is within \$300 of the \$2000 resource limit you will need to set a WOAL to review resources every 6 months to verify they have not exceeded the \$2000 resource limit - KEESM 9373)
- ★ Spousal Impoverishment Provisions apply to married couples
  - \$21,912 minimum resource limit
  - \$109,560 maximum resource limit

### Guidelines for Counting Resources

- The **full** value of available nonexempt **personal** property must be considered in resource determination.
- **Pro rata** share of available jointly owned **real** property must be considered available to an individual.
- Resources held jointly with a **non-legally responsible person** will not be considered if the individual can demonstrate that:
  - ✓ s/he has no ownership in the resource
  - ✓ s/he has not contributed to the resource
  - ✓ access is limited to acting as an agent for the other person
- Resources of **all** persons in the assistance plan and any excluded legally responsible person must be considered.
- **Full equity value** of jointly owned resources of a husband and wife are considered in determining eligibility for either or both if living together.

### Resource Availability -

- **Legal Impediment** = Resources are considered **unavailable** when there is a legal impediment that precludes the disposal of the resource including conversion of a non-cash resource to cash. The resource is exempt if:
  - ✓ applicant/recipient takes reasonable steps to overcome the legal impediment
  - ✓ cost of pursuing legal action would be more than the individual would gain
    - ✓ likelihood of succeeding in the legal action would be unfavorable to the applicant or recipient.

1/2009

- **Bona Fide Effort (Real Property)** = Available excess **real** property may be exempted if the individual is making a bona fide and documented effort to dispose of the property.

Jointly owned property is not considered available if selling the property would deprive a joint owner of his/her home.

Evidence of a bona fide effort to dispose of **real** property could include:

- Current listing with real estate company
- Sale price consistent with fair market value of property
- "For Sale" sign on the property
- Ads in newspapers

Nonexempt excess **real** property is not considered available as long as it cannot be sold because the consumer's reasonable efforts to sell the property have been unsuccessful. The consumer must continue to make a bona fide effort to sell and the agency is to review this effort every six months.

- **Bona Fide Effort (Personal Property)** = Evidence of a bona fide effort to dispose of **personal** property could include:
  - Ads in newspapers or a local shopper (e.g. Penny Power, Thrifty Nickel, etc.)
  - For a vehicle, "For Sale" sign with phone number in the window; or
  - Sale price consistent with the fair market value

Available excess **personal** property may be exempted under this provision for a period of up to 9 months.

**This provision does not apply to liquid assets.**

- **Bona Fide Effort (Converting Assets to an Exempt Burial Plan)** = Liquid resources in which the process has been initiated to convert to an exempt burial fund or plan, are considered unavailable beginning the date of request to liquidate or convert was made with the appropriate company holding the resource.

This process must be initiated within 15 days of the date of application or report of excess resources and must be completed within 90 days.

Assistance is not provided while the asset is being converted, but it can be reinstated retroactively upon completion of the process with documentation of the exempt burial plan.

5/2008

## Countable Resources

- Money (e.g. cash on hand, checking/savings account balance, CD's)
- Real Estate not used as a home
- Life Estate - A life estate is when a person changes the deed of their property to someone else, but maintains the right to reside in the home for the remainder of their life. The person who holds the life estate is responsible for all expenses related to the property and is entitled to income generated from the property. **If the property is currently used as a home it is exempt.**
- Cash surrender or loan value of most life insurance
- Investments such as stocks, bonds, money market accounts
- One vehicle is countable if someone outside of the assistance family group has the primary use, enjoyment and possession of the vehicle. (KEESM 5520)
  - Example: Nursing Facility resident who purchases a new vehicle in their name for the primary benefit of a child or grandchild. The vehicle would not be exempt and the purchase may be considered an inappropriate transfer for long term care purposes.
- **Trust Funds or Annuities** can be either exempt or countable based upon the nature of the trust/annuity. All trust or annuities are reviewed by KHPA to determine if countable or exempt. A completed **Request for Trust/Annuity Clearance form**, along with a copy of the legal document establishing the trust/annuity must be provided.

## Excess Resources

- If the value of nonexempt resources falls below allowable limits one day of the month, the individual is eligible for the entire month.

## Income vs. Resources

- An item cannot be considered income and a resource in the same month.

### **Example**

Consumer applies for LTC in January. In the month of application, the consumer provides a bank statement showing a \$2,000 balance. The statement also shows a \$500 direct deposit from Social Security. The \$500 deposit must be deducted from the total balance and only \$1,500 would be a countable resource.

- Money cannot be counted as a resource until it has first been considered as income.

### **Example**

Consumer has ongoing LTC case and receives annual contract sale income of \$1,500 on 7/1. The \$1,500 payment is considered intermittent income. It is prorated over the number of months intended to cover and \$125/mo is counted as income. Savings account statement shows balance of \$2,750 as of 7/1.  $\$2,750 - \$1,500 = \$1,250$  as countable resource because the payment is budgeted for subsequent months, it is not considered a resource. When the case comes due for review in November, the savings account statement shows a balance of \$2,800. The remainder of the contract sale income has not yet been counted as income and must be deducted from the savings account balance.  $\$125 \times 6 \text{ months remaining} = \$750$ .  $\$2,800 - \$750 = \$2,050$  remaining to be counted as resource.

In the above example, if the consumer had received the \$1,500 contract income 7/1 and had applied for LTC on 8/5, the entire \$2,750 balance would be counted as a resource as intermittent income is not counted as income unless it is received in a month for which eligibility is being determined.

## Resources - Exempt Real Property

### KEESM 5330

Exemptions	Information Regarding the Exemption
<b>Home</b>	<p><b><u>Dependent Residing in the Home:</u></b>            Spouse            Minor child            Other dependent family member            ➤ Immediate family (per KEESM 5331)            ➤ Dependency can be of any kind</p> <p><b><u>Intent to Return Home:</u></b>            Sign Intent to Return Form or indicate on application            Accept consumer statement unless actions contradict            Send (ES-3152) Medical Assistance Lien Physical Verification</p> <p><b><u>3 Month Exemption:</u></b>            The home can be exempt for 3 months from the date the consumer left if the home is a countable resource.</p> <p><b><u>Bonafide Effort to Sell</u></b>            Refer to page 4</p> <p><b><u>Proceeds from the sale of a home:</u></b>            Proceeds from the sale of a home are exempt for 90 days if being used to purchase another home.</p>
<p><b>Income Producing Property &amp; Property Essential to Employment or Self-employment</b></p> <p><i>Actively Managing more than 20 hours a week count income as earned!!!</i></p>	<p><b>Exempt in full even if used on seasonal basis</b></p> <ul style="list-style-type: none"> <li>➤ If individual is not actively involved in management, income is generally counted as unearned. If the individual is actively involved in management, income is counted as earned.</li> <li>➤ Determine if income is consistent with FMV by determining prevailing rate of return on similar property in the area.</li> <li>➤ If not currently in use, may remain exempt if individual intends to resume use within 1 year of date last used.</li> </ul>

## Resources - Exempt Personal Property Life Insurance, Burial Plans, & Funeral Agreements KEESM 5430

Exemptions	Information Regarding the Exemption
Term Life Insurance	➤ Term or group life insurance with no cash surrender value, regardless of face value is exempt.
Whole Life policies with combined face value not exceeding \$1,500	➤ Total face value of all other life insurance policies must not exceed \$1,500 to be considered exempt. ➤ <b>Neither</b> face value <b>nor</b> cash value is increased by accumulated dividends or interest. ➤ Face value <b>and</b> cash value is decreased by an outstanding policy loan.
Burial Spaces & Merchandise	➤ Can prepay separately or as part of a revocable or irrevocable burial plan. ➤ Includes (but not limited to): cemetery plots/spaces, crypts, & mausoleums, caskets, urns, vaults, headstones, and other grave markers. ➤ Also includes monies set aside for opening and closing of the grave. ➤ Irrevocable agreements established for purchase of burial merchandise are not limited to \$5,000.
Revocable Funeral Agreements or Burial Funds up to \$1,500	➤ Can include; cash, savings accounts, checking accounts, stocks, bonds, C.D.s, CSV of life insurance policies, etc. ➤ The \$1,500 amount <b>must be reduced</b> by the value of irrevocable funeral agreements & face value of all exempt life insurance policies (not term policies). ➤ Interest accumulated on the fund (since 11/01/1984) is exempt. ➤ <b>Must be separately identifiable</b> and clearly designated for burial.

Exemptions	Information Regarding the Exemption
<p>Irrevocable Funeral Agreements</p> <p><b>Send V-304 &amp; I-012 to notify consumer and funeral home that any excess funds from a prepaid funeral arrangement must be turned over to the State.</b></p>	<ul style="list-style-type: none"> <li>➤ May be established for payment of basic funeral services up to a maximum of \$5,000.</li> <li>➤ Principal amounts in excess of \$5,000 are considered as revocable and are countable.</li> <li>➤ Irrevocable agreements established for the purpose of purchasing burial merchandise are not counted toward the \$5,000 limit.</li> <li>➤ Applies not only to funeral agreements, but also to burial insurance policies, irrevocable assignments of life insurance policies, &amp; irrevocable C.D.'s. providing the ownership rights and proceeds are assigned to a specific funeral home and that the type and value of funeral services to be provided are clearly delineated.</li> <li>➤ If life insurance policy(s) are used, the value of the plan must be equivalent to the policy(s) death value (as that is the amount the funeral home would receive).</li> <li>➤ Accumulated interest and other earnings from these plans are exempt.</li> <li>➤ Irrevocable funeral agreements from other states are to be honored (exempted) regardless of the amount.</li> </ul>
	<p>NOTE: In order for a funeral arrangement funded by a life insurance policy or annuity to be considered exempt the following must be included;</p> <ul style="list-style-type: none"> <li>➤ Funeral arrangement assigned as irrevocable <b>AND</b>;</li> <li>➤ Ownership of life insurance or annuity policy assigned to the funeral home <b>OR</b> a statement in the policy assigning excess funds to the State.</li> </ul>

## Resources - Exempt Personal Property

KEESM 5430

Exemptions	Information Regarding the Exemption
Household Items, Personal Effects, & Keepsakes	<ul style="list-style-type: none"><li>➤ Household equipment and furnishings in use or only temporarily not in use are exempt. This would include dishes, furniture, etc.</li><li>➤ Personal effects and keepsakes are exempt. A keepsake is an item that is kept for the sake of the giver or has sentimental value.</li></ul>
IDA Accounts	<ul style="list-style-type: none"><li>➤ IDA accounts meeting the guidelines established in KEESM 6410 (29) are exempt as a resource.</li></ul>
Community Spouse's Pension Funds	<ul style="list-style-type: none"><li>➤ The pension, retirement, or disability funds including IRA and Keough funds owned by a consumer's spouse or parent are exempt if that person is not applying for or receiving MS, QMB, LMB, or QWD assistance.</li></ul>
Lump Sum Social Security Benefits	<ul style="list-style-type: none"><li>➤ A retroactive Social Security benefit is exempt as a resource for 9 months following the month of receipt.</li></ul>

### Test Your Understanding

Circle the resources that are considered exempt.

**Q1.** An applicant reports that they have the following resources:

A home in which they live.

A checking account with \$1,400.

\$20,000 in furniture and belongings.

An IRA with \$10,000.

\$1,000 life insurance policy.

A savings account with \$500.

**Q2.** The following resources are listed on a couple's review application:

\$80,000 home listed for sale.

\$5000 life insurance policy

\$7,000 value of their wedding rings.

A money market account with \$2,500.



## Exempt Personal Property Vehicle Policy KEESM 5520

Program	Information Regarding the Exemptions
Cash, Food Stamps, and Family Medical	➤ All motor vehicles (licensed & unlicensed) are exempt.
MS Program	➤ One vehicle without regard to equity is exempt unless someone outside of the assistance family group has the primary use, enjoyment and possession of the vehicle. ➤ Other vehicles can be exempted if: <ul style="list-style-type: none"> <li>■ the vehicle is shown to be used more than 50% of the time for employment or self-employment</li> <li>■ the vehicle is used as the family home</li> <li>■ the vehicle is needed for medical treatment of a specific medical problem</li> <li>■ the vehicle is specially equipped for use by a handicapped individual.</li> </ul>

### Determining Vehicle Age

- Current Year - Year of Vehicle + 1 = age of vehicle

**Example:** Today's date is 2/14/08. The consumer has a 2003 vehicle.

$$\begin{array}{r}
 \text{Current Year} \quad 2008 \\
 - \text{Year of Vehicle} \quad - 2003 \\
 \hline
 5 \\
 + 1 \\
 \hline
 6 \text{ years old}
 \end{array}$$

## Determining the Value of Vehicles

- When the vehicle is 7 years old or newer:
  - Resource value is based on the average trade-in value in the Kelley Blue Book (available on the Internet) less any amount owed on the vehicle.
  - Establish vehicle mileage by multiplying the vehicle's age by 15,000.
  - Always use "Fair" as the vehicle's condition.
  - Equity is established in the month of an eligibility determination, using the Kelley Blue Book **for that month** when applicable.
  - Questionable values are to be resolved by an estimate from a reputable dealer.
- A vehicle more than seven (7) years old is assigned a value of \$100.

### Practice Using The Kelly Blue Book ([www.kbb.com](http://www.kbb.com))

Obtain the year, make, and model of a vehicle from your trainer and establish the resource value of the vehicle using the Kelly Blue Book, when appropriate.

#### Details about the vehicle (year, make, model):

Age of the vehicle:

Over 7 years old? If yes, value is \_\_\_\_\_. If not, value is \_\_\_\_\_.